

To: Jones, Craig L [cljones@lehman.com]; Fleming, Dan (TSY)[dfleming@lehman.com]
From: Tonucci, Paolo
Sent: Fri 8/8/2008 12:39:36 AM
Importance: Low
Subject: Re: Do you need to speak to me
Categories: urn:content-classes:message

Thanks. You need to push them on this point of valuation - they should not be the price provider. May need to have this priced by IDC or an alternative.

Need to reinforce that they should be modifying their calcs for term and open trades.

----- Original Message -----

From: Jones, Craig L
To: Fleming, Dan (TSY); Tonucci, Paolo
Sent: Thu Aug 07 20:03:46 2008
Subject: RE: Do you need to speak to me

We did agree to focus on getting the assets to LBHI and finalizing the documentation. I suspect they just want to let us know that this is an issue they are reviewing and suspect will be a problem. I also re-stated that we are still working with them to change the triparty process so that the problematic term collateral remains locked which would eliminate a significant portion of the intraday margin. Tom commented they appreciated that effort and they also are working on their side to get that done.

Jeff Aronson also called to advise that he plans to have the documentation to me by tomorrow. I indicated that I hoped to be able to move some assets tomorrow but we are just finalizing a few issues (opening ledgers, etc).

Craig

-----Original Message-----

From: Fleming, Dan (TSY)
Sent: Thursday, August 07, 2008 7:03 PM
To: Jones, Craig L; Tonucci, Paolo
Subject: Re: Do you need to speak to me

Coll is at mkt value not par based on the info I've seen and this is the same coll we've been pledging for the last month or so.

Tell them we are focused on getting the assets to LBHI (at their request) and will work out the issue of pricing once that is complete. This is a known topic and one that has been mentioned previously so nothing new. The seniors and Fenway are investment grade, rated by at least one agency and independently priced in some cases.

Need to remind them that the investor margin should get us flat, not negative, so the question of why we even need additional coll (other than DTC free movements and liq risk assesment) and the accuracy of the NFE calc itself is still a concern of ours.

Pls keep Paolo updated on your conversations.

I'm available for a conf call with them tomorrow.

Dan

----- Original Message -----

From: Jones, Craig L

To: Fleming, Dan (TSY)

Sent: Thu Aug 07 18:37:41 2008

Subject: RE: Do you need to speak to me

Just got a call from Ed Corral and Tom Mulligan expressing concern with the assets we will be pledging. They want to know what we will be doing if they price them significantly lower than our par value. I told them I will raise it up that it is under review by Chase and we will review potential options.

Separately - we are down 900MM of Treasuries again. We have the Trust but we are still down \$400MM. They are still trying to find the problem.

-----Original Message-----

From: Fleming, Dan (TSY)

Sent: Thursday, August 07, 2008 5:34 PM

To: Jones, Craig L

Subject: Re: Do you need to speak to me

Is it worth marking them to mark?

----- Original Message -----

From: Jones, Craig L

To: Fleming, Dan (TSY)

Sent: Thu Aug 07 17:31:02 2008

Subject: RE: Do you need to speak to me

We will probably just book a total return swap from LBHI to LCPI to pass the economics back. Waiting to hear back from Lechner if this can be done.

-----Original Message-----

From: Fleming, Dan (TSY)

Sent: Thursday, August 07, 2008 5:16 PM

To: Jones, Craig L

Subject: Re: Do you need to speak to me

How much are they off by?

----- Original Message -----

From: Jones, Craig L
To: Fleming, Dan (TSY)
Sent: Thu Aug 07 17:13:56 2008
Subject: RE: Do you need to speak to me

Kristine is raising issue regarding moving off market priced securities. On with her now.

-----Original Message-----
From: Fleming, Dan (TSY)
Sent: Thursday, August 07, 2008 5:11 PM
To: Jones, Craig L
Subject: Re: Do you need to speak to me

Should move full amount. Want to move to 100 percentage next week if possible and be done with this.

----- Original Message -----
From: Jones, Craig L
To: Fleming, Dan (TSY)
Sent: Thu Aug 07 17:08:30 2008
Subject: RE: Do you need to speak to me

Are we moving the full \$6.7bn or just up to \$5bn tomorrow?

-----Original Message-----
From: Fleming, Dan (TSY)
Sent: Thursday, August 07, 2008 5:04 PM
To: Jones, Craig L
Subject: Do you need to speak to me